The Economic Club of New York

113th Year
550th Meeting

David Solomon
Chairman and Chief Executive Officer
Goldman Sachs Group, Inc.

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Webinar

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Introduction

Vice Chairman Michael O'Neill: Good afternoon and welcome to the 550th meeting of The Economic Club of New York in our 113th year. I'm Mike O'Neill, Vice Chairman of The Economic Club of New York. The Economic Club is one of the nation's leading nonpartisan forums for discussions on economic, social and political issues. This mission is as important today as ever as we continue to bring people together as a catalyst for conversation. We proudly stand with all communities seeking inclusion and mutual understanding.

A special welcome to guests of our members and members of The Economic Clubs of Chicago and Washington, DC who have also been invited to join the webinar today. In addition, we're happy to welcome members of the ECNY 2020 Class of Fellows and graduate students from Columbia University. Before we begin, we'd like to thank our healthcare workers and our frontline workers for all that they are doing, particularly during these challenging times, to keep us healthy and safe.

Turning to today's event, it's an honor for me to introduce David Solomon, Chairman and Chief Executive Officer at Goldman Sachs. Previously, David was President and Chief Operating Officer and prior to that, he served as Co-Head of the Investment Banking Division from 2006 to 2016. Before that, David was Global Head of the

Financing Group, which includes all capital markets and derivative products for the firm's corporate clients. He joined Goldman Sachs as a Partner in 1999.

Prior to joining the firm, David held leadership roles at Irving Trust Company, Drexel Burnham and Bear Stearns. David is a member of the Board of Trustees of Hamilton College and serves on the board of The Robin Hood Foundation.

Unlike most bankers that appear before us, David has got some interesting interests. He's an investor in the movie business, a songwriter, and a sought-after DJ.

The format is a conversation. We're fortunate to have Chief Executive Officer of Bridgewater Associates, David McCormick. David is responsible for overseeing the firm's strategy, governance, and operations. He joined Bridgewater in 2009 and previously served as President and then CEO before becoming CEO in 2020. Before joining Bridgewater, David was the U.S. Treasury Under-Secretary for International Affairs in the George W. Bush administration during the global financial crisis. And prior to that, served in senior posts on the National Security Council and the Department of Commerce.

I asked David if he did vocals or played any instruments and he answered that he was perhaps the dullest person that I knew. I doubt that. We'll promptly end at 2:45 and any questions that were sent to the Club from members in advance were already shared with David. As a reminder, this conversation is on the record as we do have media on the line. Gentlemen, over to you.

Conversation with David Solomon

DAVID MCCORMICK: Great. Well, thank you, Michael, for the introduction. And David, thanks so much for doing this. I thought, after that incredible quarter that Goldman just had, you might drop the mike and take a well-deserved week or two of vacation, so we're really glad to have you here.

DAVID SOLOMON: Well, thank you. I'm delighted to be here. And thank you, Michael, for the introduction and for having me.

DAVID MCCORMICK: Well, terrific, we've got a number of questions from the audience and so many topics to cover, so I thought I'd might just jump into it and start by asking you to give us your thoughts on the outlook and how to make sense of everything going on. We've got, you know, the stock market at almost near highs. We've got the financial sector, you know, really performing well. And yet we have the real economy that is significantly below and significantly impaired by what's happening with corona. So give us your best crystal ball of how things evolve for the remainder of 2020 and 2021 and how to make sense of this divergence between markets and the economy.

DAVID SOLOMON: Sure. And, you know, I'm not a great predictor of the future. I might at times be a good explainer of the present. But I certainly can have a perspective on the direction I think we're going. And this issue of the split between what's going on in the real economy and what's going on in the markets, I think, is relatively easy to understand. I wouldn't have predicted this.

If we go back to, you know, to March, at the beginning of the escalation of the pandemic, I wouldn't have predicted that markets would be where they were, but I certainly understand how they've gotten here. We've taken rates to zero. There's been an enormous monetary policy push. There really is very little that you can do with money to earn a return and so what naturally happens is assets inflate. Stocks are assets and stocks are inflating. There are some other, there are some other technical dynamics that I think are contributing. But at the moment, the market is a forward perspective or a forward view on where the world is going and you've got the combination of the monetary policy impact and a forward view that we will get to the other side of it, and that's the market view.

The economic reality is that, you know, I think we're facing still a very, very uncertain environment. I think the circumstances, and like everybody else I read the news, I watch television, I listen to all the people that are so sure about what's going to happen with the trajectory of the virus, so sure about what's going to happen with the resulting impact, and what I'd say is that I'm extremely unsure and I think it's still very, very uncertain. And so the result of that is, even though, with that little bit of economic pickup after shutting down the economy very, very aggressively, I think in the next couple of months you'll see a tamping down of that acceleration. I think you'll see poor economic numbers, a flattening, and I think we're in for a very, very bumpy ride economically as we look forward even in the best case scenario, we relatively quickly come to a place that the virus or the healthcare risk that people feel is eradicated or much more controlled, whether it's because we get to a vaccine or because just the treatment, the protocols, you know, get us to a better place.

But I think we're going to run with very, very high unemployment for an extended period of time. I think you can't get the service economy back and working to where it was even in a good scenario for quite a period of time. And so I think we're in the early stages of really feeling the economic impact of this. And how severe that will be really depends upon the trajectory of how the healthcare situation and people's confidence in their safety evolves in the months ahead. And so I think the economic scenario is uncertain, concerning. I think markets are disconnected from that at the moment.

I wouldn't predict where markets can go. I can make arguments that they can go higher from here, or lower, you know, we all can. But they're certainly responding to the fact that rates are zero. There's a conviction that rates are going to be zero for some time. There's a conviction for more monetary and fiscal stimulus and that's obviously bolstering asset prices.

DAVID MCCORMICK: And indeed when you look at that economic response, really unprecedented, I think we met about ten years ago or right around then when we were just sort of living through the first set of policy responses to a different crisis, but when you assess that the magnitude of both fiscal and monetary is really unprecedented, how would you assess that? How would you assess the policy response? And if you look forward, what should policymakers or private sector, what should the private sector and policymakers together be doing to try to help us dig our way out of the ditch?

DAVID SOLOMON: Yes, so, you know, I think the policy response has been quite strong and has been appropriate. And I think that one of the results of the financial crisis twelve years ago was that we learned a lot. And, you know, I think based on what we learned, but also based on the fact that this crisis was different, it was affecting everybody universally at one time, you know, the political will to act more quickly to support the economy was easier. And therefore, the speed with which the reaction came, I think, is something that should be applauded. Now, there's going to be a lot of second-guessing and criticism of all the things that aren't perfect. But whenever you're at war and you go to kind of blunt instrument, you know, it's not going to be perfect. But I think the delivery in an imperfect situation was pretty good and I would applaud the steps that have been taken so far.

I think, you know, from a policy perspective going forward, we're still in a very, very tough place. And my own view – this is a personal view – is that even though it's hard and it's expensive, we are better to blunt the economic impact now in the short term by spending more than to allow it to get worse and deal with the consequences of it being worse. And, you know, that's something obviously we'll have to live with and dig ourselves out of, you know, as we go forward. But I expect we'll see more in the context of fiscal stimulus and I personal think at the moment it's the right thing to do. It's like if we were, if we were back in a period of war and we were spending a lot of money to make ships or airplanes or things that we needed, nobody would be questioning. To the degree now we're in a war, we've got to support the economy to continue to go forward and I think that's the right policy action.

In terms of the consequences, there's real consequence to this. And it's not, you know, there's no free lunch, and so there's real consequence. And, unfortunately, we're going to live with the consequence for quite some time. And what's interesting to me is we were just; we were just finally leaving the monetary policy impact of the financial crisis and in my view, we possibly waited too long and we'll see the impact of that. But the result of this is slower growth, you know, over a longer period of time, a bigger economic burden, you know, to all citizens that will have to be dealt with appropriately. And I think risk of a weakening dollar in this environment, given the way we're positioned, which are things that obviously, you know, there's both benefit and friction, but I think it's going to take us an awful long time to navigate a path out.

I'd also say at a high level, with respect to monetary policy, it's a little bit like we're used to these low rates and all this monetary support, we can't imagine it being different. You know, I hope that leaders – as we go forward – will be in a position to be a little bit more bold about allowing us, as our economic activity improves, to try to move out of this a little more quickly than we did in the last cycle. But, you know, we've got a good case study to look back, you know, prolonged, slow growth, the more difficulties because of this when we get to the other side.

DAVID MCCORMICK: And from a CEO perspective, I mean obviously running our respective businesses and doing that as excellently as possible through a time of crisis is a challenge, but to sort of get above that for a minute and think about your role as one of the major CEOs in the country during a time of crisis, is there anything you and CEOs should be doing in terms of trying to help us wade through this challenge?

DAVID SOLOMON: Well, I think, you know, I think the moment you're in a pandemic, and this, in my discussion with hundreds of CEOs over the course of the last couple of months which is something I kind of do for a living anyway is talk to CEOs and counsel, but just in the amplified discussions that have occurred over the last few months, you know, there's some unity in what, I think, most CEOs are focused on. I'm sure, David, as a CEO, you'd say the same thing. Everyone is focused on their people – their health, their safety, their well-being, taking care of their people at a difficult time, supporting their people's families.

Everybody is focused on their clients, their customers, their businesses and making sure that they're doing the right things to execute on their business the best they can in a pandemic. And then I think everybody is also focused on trying to see what they can do to support the communities that they're operating in, especially given that this crisis is a human crisis. It's got a human toll. It has a human impact. And so I think those are the three big things that you have to focus on.

You know, with respect to what we can do, I think Goldman Sachs, and I think most significant companies have a platform from which we can be supporting the communities that we operate in and we also can be playing a role to try to impact or address policy issues that clearly need to be debated and discussed to help us move forward in as constructive way as possible.

And one of the things I'm just very, very concerned about is the, you know, the disparate views and divisiveness. This is a time, when if you look historically at context, you would have expected the country to be coming together so that we can really work together to try to move past this. And it's just not where we are and I think that's very concerning. And can the private sector, can leaders in the private sector play a role in terms of trying to get us to a place where we're more unified and working together? Maybe there's a contribution that can be made there. But that's something I think we're all going to have to worry about and focus on.

DAVID MCCORMICK: Yes, I know Goldman's done some incredible things from a community perspective which I'll come to in a minute. Just another question or two on the economic landscape before we turn to some Goldman-specific questions. One is, in your mind, who are the winners and losers? So as you think about this changing landscape, what industries, what kinds of companies, you know, people talk about returning to normal. I think most of us that are in the middle of it recognize that the new future is probably much different than the old normal. But how do you see that changing landscape and what the winners and losers might look like as we come out of this over the next 24 months or so?

DAVID SOLOMON: Well, you know, in simple terms, you know the losers are companies that are in service industries that, because of the pandemic, there's not demand for their services. So, you know, obviously travel and recreation and restaurants and entertainment, you know, these are all areas where, if you're in those businesses, you could be running an airline or a cruise company which is at one extreme or you're running a business like Disney, you know, in another place, you know there's real lasting impact that will take a long time – even if we get to a more positive environment – to kind of rebuild back to where you were.

There are obviously, you know, technology-driven platforms that seem to be benefitting enormously from that, from this. You know I think that technology permeates everything we do and that, you know, crisis accelerates trends and so we've really pulled forward three to five years of transition to more connectivity, more application, you know, through the use of technology to execute across businesses and in our lives generally. And so people that are providing infrastructure and services that support the acceleration of that trend, you know, certainly seem to be benefitting.

If you look at businesses, I mean there's pro-cyclicality to some of this. As you said, we had a very, very good quarter. I don't think that it will continue at exactly the same pace, but we had a very good quarter because the disruption caused a lot of our clients to completely rethink about the way they were positioned. And as someone who intermediates in markets, there was just much more activity. We were busy because our clients were extraordinarily busy. And so we benefitted from that but that's not permanent. We also had parts of our business where because of the economic friction, you know, it balanced the other way. So, you know, all this, I think, is short cycle.

In a long cycle, the medium or long cycle, once we get to the other side – and we will get to the other side – I'm more in the view that you accelerate trends but the changes will not be as dramatic as some of the pontificators are suggesting today. In history, if you go back and look at other crises, you know, in past crises as you get by, you know, you tend to see trends accelerate but you also go back to, you know, a bunch. And so, you know, we've accelerated some stuff but it's probably not going to be as dramatic in my opinion.

DAVID MCCORMICK: Yes, well, that was the next question I wanted to ask, which is if you think about the landscape as it relates to financial services and Goldman and your strategy and how that's evolving, you know I've read a lot about that over the last couple of years with your push into retail and lots of other things, tell us how you see the landscape changing and how Goldman is going to do its best to take advantage of that.

DAVID SOLOMON: Well, the big thing that's happening in financial services broadly is financial services is starting to digitize and be impacted much more broadly by technology which affects the way an organization like ours provides services to our clients, connects with our clients, gives our clients access to data and information and resources to help them do what they do. And this transition has been going on for quite some time, but it's definitely accelerating. And so, you know, if you look at some of the things that we're doing in our strategy, you know, using AI, data science and platforms to help our clients have better access to risk analytics and platforms that can support what they're doing has been a big part of it.

But the more interesting thing is, fundamentally the consumer banking business, the way, you know, all of us deal with our day-to-day finances, whether it's saving money, spending money, borrowing money, insuring yourself, and investing your wealth, all of those things really haven't digitized in an integrated way. And so kind of the remake of the way people deal with their financial services, I think we're in the early innings of a broad, broad disruption to a system that for a variety of reasons has been very entrenched. And I think there will be an enormous disruption.

You should be able, on the palm of your hand and your phone, do anything you want to do financially in a fully integrated way, and you can't. And there's no reason why you shouldn't. And I think that scale and technology capability and platform, the same way it's massively disrupted other traditional businesses, is coming to consumer banking and consumer finance in a much more aggressive way than the way it's affected the landscape so far. And so it's one of the reasons why we'll try to participate in it. But this is, you know, this is long stage stuff, not fast stuff. And while there's some acceleration, I still think there'll be quite a bit of time, you know, to see that transformation occur.

DAVID MCCORMICK: Well, one of the things I saw when I was preparing for this that caught my eye was your Investor Day, which you did in January, your first Investor Day, and the theme of that being sustainability. And the two, I guess, sub-issues that you hit on there, which I was hoping you could talk about, was the notion of inclusive growth and climate transition and this being really at the core of what you're trying to do. I wonder if you might comment on that for a minute.

DAVID SOLOMON: Sure. You know we did our first Investor Day ever back in January, which, by the way, was six months ago but it feels like it was 60 months ago. And we laid out for the first time a clear three-year plan for the firm. The firm's never done that before. And so that was a big event for us. And that plan had us investing in our core existing businesses: the investment banking business, the market making business, and the asset management business and the wealth management business. It also had us doing a variety of things to invest in a handful of growth areas for the firm which included this consumer business that you've referenced, expanding our asset management and wealth management businesses, getting into the transaction banking business, which is an area we saw an opportunity for ourselves. And also using technology and platforms to run the firm more efficiently. And with those things we can drive our returns over the next three years higher.

In addition, I laid out a broad platform around sustainability because it's something that we've been very, very focused on at the firm. And, of course, when you say sustainability, people immediately think about climate. And climate and the environment is very, very important, but we wanted to build a much broader platform and we wanted to tie it to our firm's purpose and how we think about our purpose and now articulate our purpose as a firm which is to advance sustainable economic growth and financial opportunity broadly.

And so as we thought about a broad sustainability platform, we thought it had to include climate transition, but it also had to include aspects of inclusive growth more broadly. And so we basically looked to develop a series of themes or silos that we thought over the next decade, the firm with its resources, which includes human capital and advice, it includes the ability to finance, it includes the ability to be an investor or to corral other investors, that we could direct our resources towards those nine thematic areas. And they include things like sustainable transport, clean energy, sustainable food and agriculture, ecosystem services, waste and materials, accessible and innovative healthcare, financial inclusion, accessible and affordable education, investment in communities.

And we developed these thematic pillars and said how can we deploy capital and resources in those pillars to help companies and our communities transition over the next decade to try to drive a much more inclusive, sustainable economic society. And we've done a lot of work and a lot of detail on all those pillars and we made a pledge to try to commit $750 billion in resources over the next decade to those activities in those silos and we're off and running.

What we tried to do is do something that was a framework that our clients could relate to because our clients are coming to us and they're saying we want to think about how to transition our businesses to make our businesses more inclusive. We want to think about how we can provide, you know, opportunities that open up, you know, to more of our society and our communities. And so we wanted to create a construct that we thought would help advise our clients in a really successful way but would also help us get capital and resources to areas that require investment that will help our society move forward in a more powerful fashion. And I'm pleased with it. There's more work to do on it. But I think it's a good framework, David, that we can share with people and people can work off of.

DAVID MCCORMICK: You know, I don't have the whole lay of the land but it seems like it's a pretty unique and differentiated way that you're talking about this. What's been the client response? Have people across the board responded well? Are people in different stages of thinking about it? What have you experienced so far?

DAVID SOLOMON: Well, the feedback from clients on the framework has been excellent. And if people are interested in reading more about it, you can go on to GS.web and there's a sustainability platform. You can click on it. You can read the entire sustainability report. But the feedback from clients has been universally positive. I think clients at are all different stages of thinking about it but there isn't a CEO that I've met that is not thinking about these issues or some subset of these issues as it relates to their business and their responsibilities. And by the way, there's not an institutional investor or shareholder that I've met that's not very, very focused on these issues.

And so, capital allocation is definitely thinking about these issues in a meaningful way. It's going to affect capital allocation and capital distribution as we move forward. It's not light switch on, light switch off. These are transitions. They require thoughtful solutions. It doesn't mean you stop doing this and you only do that. But I think this is a very, very significant opportunity for all of us that are running businesses to rethink. You know, as we go forward, the pandemic, I think, also creates a jumping off point to accelerate the focus on this which I think is very important.

DAVID MCCORMICK: Yes, I agree with you on that. You know one of the things, I mean, obviously you're not new to this because you've really been a pioneer, Goldman's been a pioneer in a number of areas focused on inclusive growth in communities, one of which has been your work with small businesses, particularly 10,000 Small Businesses which has been something that's, both had great results and I think has been well differentiated from a brand perspective. Tell us about that a bit, about that commitment, what you've learned, how you see that fitting in to your sustainability framework going forward.

DAVID SOLOMON: You know we spend a lot of time around small business and actually the person that deserves the most credit for developing these platforms is Dina Powell McCormick...

DAVID MCCORMICK: It did occur to me but I didn't want to say it.

DAVID SOLOMON: ...who I'm extraordinarily lucky to have as my partner and my colleague. But one of the big take-aways in all of this, we developed 10,000 Small Businesses over a decade ago. We initially committed $500 million to developing a business education program for small business entrepreneurs. We've done it around the country. We've done it over in the UK. And it's basically a six-month education program that helps people advance the business, gives them access to resources they wouldn't normally have access to, and the data or the metrics coming out of it as to how they grow, how they add employees, how they've been able to expand by broadening their business education has been very, very positive. But what I've really learned and taken away from it is that when you make these commitments – these are long-term commitments and it's the investment over the last ten years and what we've learned from that that's actually helped us during the pandemic.

So as the pandemic came up, because we were so invested in small businesses, we were able to go to these small businesses and survey them and ask them very directly at the beginning of the pandemic how they were being affected. It gave us a bunch of information and data. It got in our thinking of how we could support small businesses broadly.

Now, as a bank, we don't have a business where we serve as a bank to small businesses. We're not in that business. But we wanted to find a way that we could be getting capital out under PPP or otherwise to small businesses. And so one of the things we have learned through this program was the importance of CDFIs, Community Development Financial Institutions, which is like a sub-sector below the traditional banking sector that serves businesses that don't normally get access to the traditional more Main Street banking system.

And so we pledged first to put $500 million out through CDFIs into small businesses. We've upped that to $750 million, added another $250 million. And candidly, if demand continues, we'll continue to add to it. We made a $25 million grant to help educate

CDFIs and give them broader technology resources so they could better deploy. But this capital goes out, it's going out to businesses, average employees, three, average loan size, $62,000. You know, you're really getting money into an important part of our economy that just doesn't get the traditional support. And the reason we were able to do that and pivot so quickly to do that back in March and April as PPP came out was because of our understanding from the ten-year investment. So I think this long-term focus on how a platform like ours can be supporting communities is important.

We also did it with a program called 10,000 Women, which did the same thing with women that were founders and entrepreneurs in developing economies and that's now on a big online platform. We launched a program about two years ago called Launch with GS, which basically is providing capital to women founders in the venture community. It's also providing capital to women-founded asset management firms. And then we rolled that out for founders of color or asset management firms that are founded by founders of color. And we've also created a similar small business education program for Black and Latin founders that are running through the Launch program.

And so you can see, as you learn and you stay committed to these platforms and these investments, you can really expand them and find ways to increase the reach. And so we continue to think that small businesses need and deserve support. It's such an important part of our economy. It's candidly a place that I think, because of the economic impact of this, there's going to be very, very significant economic damage. And so we've got to find ways to try to continue to put support into the small business community and make sure that we do as much as we can to bolster it as it navigates through this crisis.

DAVID MCCORMICK: Yes, as you've said, I understand from Dina that many of those beneficiaries in the small businesses have been minority business owners, and it's a good example of what companies can do to try to make a difference in some of the racial injustice issues or some of the challenges around it. But I wanted to ask you to step back and comment on that because I know you've been a prominent voice following the George Floyd death and some of the uprising we've seen around racial injustice. I know you've spoken out about that. And I wondered if you could just put that in context for us and how you think about that and what society can do and what we can do – what you can do as a CEO and what you're already doing in the many ways you've described.

DAVID SOLOMON: Well, it's an interesting moment. And like many, I've spent a lot of time listening and trying to learn. And, you know, listening and learning from members of our community at Goldman Sachs who are Black and experience this in a way that I couldn't possibly understand given who I am and what my experience is. I think that listening and honest difficult conversations inside our organization has been helpful in our organization. But the structural issues that you talk about, David, are real and they're complex and, you know, they only can be addressed with policy action and investment, you know, over long periods of time. And I'm hopeful that this is a moment where the focus and the shift toward really being more committed to re-balancing some of these issues will sustain and will continue.

You talked about some of the things we've done with small businesses. You talked about the effort recently to CDFIs. I think the statistic is about 60% of the PPP money we put out through CDFIs went to communities of color. But that's because we've had an investment for a long period of time and that has to continue. But again when you go back to our sustainability platform and we talk about inclusive growth, if we don't find ways to level the playing field, create more economic opportunity, we've got to be in the business of creating wealth and distributing wealth, and that's very, very complicated.

There aren't easy solutions. But I do think a combination of policy adjustments that have to be led with real leadership in government and partnership with the private sector because I think the private sector can both impact and make a contribution through hiring, through continued focus on diversity and inclusion in all these organizations which is something I've been very personally focused on, you know, prior to my tenure, but certainly in my tenure as CEO. And I hope we'll continue to make progress but there's a lot to do and I've learned a lot over the course of the last couple of months.

DAVID MCCORMICK: Well, I wanted to maybe see if you could talk a bit more about what you are doing because I know within Goldman, you're a real leader on diversity and inclusion in terms of ensuring you've got the right kind of workplace environment. But beyond that you recently took a step which I think was unique in that you made the public statement that you wouldn't take a company public in 2020 without one diverse board member – if I'm understanding it correctly – and in 2021, with two, which I thought was a way of bridging both your responsibility to your own community but also the kind of change as a CEO you're trying to help bring about in the broader community. Tell us a little bit about how you thought about that and what your goals were.

DAVID SOLOMON: Well, with the IPO decision specifically or more generally?

DAVID MCCORMICK: Well, both, but yes, I mean as I said, I think you've really, I think you've really been an outspoken leader on these issues and done a lot within Goldman but also, I thought that was an interesting way to try to anchor it to the broader finance community.

DAVID SOLOMON: Well, you know, I had an experience five or six years ago when I was responsible for our investment banking business and I really was not happy with the progress we were making with our hiring. In our business model, we hire 2,500 to

3,000 people out of school across Goldman Sachs, you know, every year. It's a very young firm. Sixty percent of the people that work at the firm are 30 years old or less. And part of our ecosystem is we have an incredible ability to attract really tremendous people to the firm. Some of them come and spend a career, but most of them come, spend some time, get trained, learn skills and go off and do other things. And it's a very powerful ecosystem. But I've been a big believer that the diverse nature of that and the comfort and the inclusiveness is something that's so important to keeping us in a position where we can be such a constructive hirer of really world-class talent. And it wasn't going as quickly and there were all sorts of excuses.

But particularly with out-of-school hiring, I just said we've got to be more aspirational and we just have to hold people accountable more directly. And then, you know, a number of companies are doing this now. But there's no reason, when you're hiring people out of school, that you really don't have a really diverse community. The schools you're hiring from are extraordinarily diverse. There's real talent. And it was simple tools and saying to people, don't tell me what the outcome is, tell me how to fix the problem to get to a different outcome.

So, you know, a simple analogy on one little, simple, small thing is if one of the most desirable jobs is working in investment banking as an analyst and we hire 350 analysts and we get 20,000 uber-qualified applicants for 350 jobs, but 12,000 of those are men and 8,000 of those are women, don't let the result – let's hire 175 of the best women and 175 of the best men – don't let the result look like the 12,000/8,000, the 12,000 versus 8,000. And, you know, very quickly you can, you also, you can look at your audience and the pool you're looking for when you're looking for candidates of color, and we've really moved the needle on that and we're trying to move it throughout the organization.

I think you also, as a senior leader, and I'm not pleased with where the senior leadership of the firm is, I'd like it to continue to be diverse. But I've tried to be much more aggressive in breaking the structure of where people sit, who sits on management committees. I've plucked some people out of other roles into roles to increase our diversity. And I think you've got to constantly look through that lens. And I became more attuned to this, you know, maybe seven or eight years ago when I was looking at my daughters and their own experiences. They were in college and they were starting to deal with the real world. And it was becoming clear to me that they were experiencing it very differently than I would, you know, as a man. And so, you know, I think it's very, very important that you create accountability. You set aspirational goals. You make sure that you have the data and the information to hold people accountable.

And then with respect to the IPO decision, it just, it seemed like something – it wasn't my idea. The idea came from a partner of mine, Greg Lemkau, who said, you know, look, it's really amazing that companies still go public without diversity on the boards. And also when you look at the broader venture and private equity community, there's not as much diversity on those boards historically as there should be. And I think the mindset is, well, we'll deal with it when the companies go public and we'll deal with it after. And so it just seemed like a way that we could send a message that would accelerate the focus on diversity in governance because there's no question that diversity in governance brings better dialogue, better debate, better results. And I'm very proud of the diversity of our board, now the Goldman Sachs board. And, you know, I really, this was a way of having a small impact and trying to accelerate the focus on it. And I think all of us as leaders have to find ways to use our platform some time to shine a brighter light on things that we'd like to see move faster.

DAVID MCCORMICK: That's great. Very well done. Let me, before I get the hook from Michael, let me ask one more question. We've got a couple of minutes left. And I wanted to go from the micro back to the macro and just end with maybe a comment on China. And the most significant bilateral relationship of our lifetime, certainly one of the biggest, most promising markets, how do you see the opportunity in China? And how do you think about the growing tensions between the United States and China and what that implies from a business perspective?

DAVID SOLOMON: Well, for the long term, you know, we've been committed to building a business in China for a long time. But we've also been frustrated, we've been trying to get our, you know, control of our joint venture in China for over 16 years. Maybe with the Stage 1 agreement we're now actually moving closer. But I just think from a big picture perspective, Goldman Sachs has been around for 150 years, we certainly intend to be around for a lot longer. We have to continue for the long term, given what we are, a global firm that deals with economic activity around the world, to be invested in growing our business in one of the largest economies in the world. So in the long term we're very focused on it.

I'd say the short and medium term, you know, the relationship is going to be very tense. And, you know, I think we're in a very, very difficult moment. I do think that there's a path to navigating through, but I think the path is going to be complicated. You know, if you look at the last set of sanctions, in the Senate I think it was 100 to 0. So, you know, how many things, you know, in the United States Senate are 100 to 0?

DAVID MCCORMICK: It's the only thing everybody can agree on.

DAVID SOLOMON: Very, very, very few are 100 to 0. So there's, you know, there's a lot of agreement, and I think appropriately, that our approach to China and the way the bilateral relationship is has to change. And I think we certainly are making, you know, a concrete foreign policy shift, which I think is appropriate, but we need the Chinese. And by the way, the Chinese need us, but the Chinese are also, at the moment, they're taking advantage of the situation to their own interests. And it's interesting, you know, just to observe, there are people in their parts of the world that, you know, might have been in their sphere, you know, as trading partners, that are frustrated with them based on some of the actions they're taking and some of the things that are going on. It's a very complicated relationship. I think the tension that's going to exist in it is going to be a real headwind to growth and it's not going to be a straight line toward, you know, fixing it or remedying it. And, you know, look, there's risk it could get more off-track, for sure.

DAVID MCCORMICK: No doubt. David, let me say one word and then give you the last word and then turn it back over to Michael. Just thank you for a great interview. Thank you for making time for it, and congratulations on all the great things that are happening for you and Goldman. And let me give you the last word and then turn it back to Michael.

DAVID SOLOMON: Well, I don't really have a last word other than thanking you for interviewing me. Thank you, Michael, for having me. And I just hope everybody that's on the call is staying safe, is following protocols, and that we're all, you know, working together to try to get to a better place. We'll get to a better place, but I want everybody to stay safe and healthy, and I appreciate people being on today.

VICE CHAIRMAN MICHAEL O'NEILL: Well, thank you, David, for a very informative interview. Thank you, David, for a terrific list of questions that you developed. It really was a very, very important discussion and I think one that our members and their guests have enjoyed a lot. So thank you and I hope we can do this again sometime soon.

To our, the people that are on the webinar, please check into our website. We have a growing list of good speakers on our calendar for August. We'll inform you by email as well, and we look forward to having you join us in the future. Thank you again.